

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 PM-03 MC-02 L-02 EB-07 CIAE-00

INR-07 ACDA-05 NSAE-00 PA-01 PRS-01 SP-02 USIA-06

TRSE-00 SAJ-01 OMB-01 NSC-05 /071 W

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R 191220Z MAR 75

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TO SECDEF WASHDC

SECSTATE WASHDC 710

USDOC WASHDC

USMISSION EC BRUSSELS

INFO DA WASHDC

CDRUSAMC ALEXANDRIA VA

CDRUSAMICOM REDSTONE ARS AL

CDRUSAADC FT BLISS TX

CDR WHITE SANDS MSL RANGE NMEX

USCINCEUR VAIHINGEN

CINCUSAREUR HEIDELBERG

CDR 32D AIR DEF CMD KAISERSLAUTERN

CHUSNHLO PARIS

USNMR SHAPE

CHMAAG ATHENS

CHMAAG BONN

CHMAAG BRUSSELS

CHMAAG COPENHAGEN

CHMAAG ROME

CHMAAG PARIS

CHMAAG THE HAGUE

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 1511

SECDEF FOR OASD(I&L)-MR. D. CUFFE; ODDR&E; OASD(ISA); AND DSAA.

DA FOR OASA(I&L); DCSLOG FOR MSG-SBI; AND ACSI. USAMC FOR AMCGC.

USAMICOM FOR AMCPM-HA. USCINCEUR FOR MAD AND J-4. USAREUR FOR AEGD-MR

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MM AND USAMICOM FLD OFC (AMCPM-HAI-EUR-MAJ LYNE).

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E.O. 11652: GDS

TAGS: MARR, NATO

SUBJECT: REPORT OF NATO-HAWK BOARD OF DIRECTORS (BOD) MEETING,

10-14 MARCH 1975

REFS: A. HMO/2.2.01/0417/75 (FINAL AGENDA)
B. STATE 052557
C. STATE 053416

BEGIN SUMMARY. NATO-HAWK BOD MET IN PARIS 10-14 MAR 75. MATTERS OF INTEREST TO THE US INCLUDE SECURITY OF OVERSEAS FIRING RANGES FOR IMPROVED HAWK MISSILES, HELIP PROGRESS REPORT, PROGRAM SLIPPAGE DUE TO US GOVERNMENT DELAY OF GE EXPORT LICENCES, ESTABLISHMENT OF A NATO SAM SOFTWARE COMMITTEE, FINAL PLANS FOR LIQUIDATION OF THE BASIX HAWK PROGRAM, AND ANNUAL REPORT TO THE NAC. THE BOD AGREED TO REIMBURSE THE US\$400,000 FOR THE US SHARE OF THE DISESTABLISHED MAINTENANCE FLOAT. THE BOD PLANS TO APPROACH THE EEC WITH A REQUEST FOR EXEMPTION TO CUSTOMS DUTIES ON IMPORTED HAWK EQUIPMENT. MISSION SUGGESTS WASHINGTON AND USEC NOTE THIS DEVELOPMENT, AND CONSIDER RECIPROCAL OFFERS. THE BOD REQUESTED THE US TO REPLY NLT 1 MAY 75 ON MATTERS OF FIRING RANGE SECURITY. END SUMMARY.

1. NATO-HAWK BOARD OF DIRECTORS (BOD) MET IN PARIS, 10-14 MAR 75. US MEMBER OF BOD (COL LYNCH) REPORTS MEETING WITH REFERENCE TO AGENDA ITEMS (REF A) ONLY OF PARTICULAR INTEREST OR SIGNIFICANCE TO THE US:

A. ITEM 1. SUMMARY RECORD OF PREVIOUS MEETING. BOD APPROVED WITH MINOR CORRECTIONS. THIS RECORD INCLUDED AS AN ADDENDUM A COMPLETE TEXT OF STATEMENT BY US REP AT MEETING OF 10-13 DEC 74 WHICH REFUTED FRENCH CHARGES OF DUMPING IN THE CASE OF THE US FIRM OF VARIAN ASSOCIATES. THE BOD ACCEPTED THE STATEMENT WITHOUT FORMAL COMMENT. THIS MATTER IS NOW CLOSED.

B. ITEM 2.3. FIRING RANGES. MAIN ISSUE FOR DISCUSSION WAS MATTER OF RANGE SECURITY FOR FIRING OF IMPROVED HAWK MISSILES. SEVERAL BOD MEMBERS EXPRESSED CONCERN ABOUT APPARENT HIGH COST OF US OFFER COUPLED WITH US PROHIBITION OF FIRING IMPROVED HAWK ON OTHER THAN A SECURE (READ US OVERLAND) RANGE. US REP EX-CONFIDENTIAL

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PLAINED THAT THE US STARTED ITS INVESTIGATION OF IMPROVED HAWK FIRING SECURITY MATTERS BEFORE THE ISSUE OF POSSIBLE USE OF EUROPEAN RANGES AROSE (MAY 74 OR EARLIER). US REP ALSO NOTED THAT THE COST OF TARGETS IN THE TWO US OFFERS (FOR DIFFERENT NUMBERS OF MISSILE FIRINGS) APPROXIMATED 60-70 PER CENT OF TOTAL COSTS. IF COST SAVINGS WERE TO BE ACCOMPLISHED THIS APPEARS TO BE AN AREA WORTH CONSIDERATION. US REP REASSURED THE BOD THAT THE US WOULD NOT ATTEMPT TO IMPOSE MORE STRINGENT SECURITY MEASURES ON NATO-HAWK THAN UPON OTHER WORLDWIDE CUSTOMERS WITH OVERSEA RANGES. THE US TOOK NOTE OF THE BOD REQUEST TO RESPOND TO THE NHPLO NOT LATER THAN 1 MAY 1975 ON THE SECURITY QUESTION. SUSPENSE DATE OF 1 MAY 75 IS IMPORTANT TO PROVIDE TIME FOR NECESSARY COMMITTEE ACTION ON US RESPONSE PRIOR TO NEXT BOD

MEETING.

MISSION COMMENT. USNHLO IS HANDLING THIS MATTER DIRECTLY WITH USMICOM. MISSION REQUESTS WASHINGTON CONFIRM WITH USMICOM AND WHITE SANDS MISSILE RANGE(WSMR) THAT THE US CAN MEET THIS SUSPENSE DATE.

C. ITEM 2.5. USE OF NHPLO FOR FUTURE MEDIUM SAM STUDIES.
THE BOD DID NOT GERATE MUCH ENTHUSIASM FOR USING NHPLO RESOURCES ON ANY MATTERS NOT DIRECTLY CONCERNED WITH THE HAWK IMPROVEMENT PROGRAM. THE BOD CONCLUDED THAT ANY IMMEDIATE WORK WAS PREMATURE PENDING FUTURE DISCUSSION (AND POSSIBLE DECISIONS) AT THE NEXT CONFERENCE OF NATIONAL ARMAMENTS DIRECTORS.

D. ITEM 2.10. PROGRESS REPORT. RAYTHEON TECHNICAL AND ADMINISTRATIVE SERVICES, LTD (RAYTAS) BRIEFED THE BOD DURING A PLANT VISIT TO RAYTAS AT BAGNEUX ON 10 MAR 75. RAYTAS HAS A PLAN FOR 133 PERSONNEL AT EIGHT DIFFERENT LOCATIONS IN EUROPE. 117 PERSONNEL WERE ON STATION AT THE END OF FEB 75. ALTHOUGH RAYTAS HAS IDENTIFIED AT LEAST EIGHT MAJOR PROBLEMS, THEIR PROJECT ORANIZATION HAS BEEN EFFECTIVE IN CONTROLLING THE PROGRAM. OVERHAUL OF BASIC HAWK EQUIPMENT, TEST EQUIPMENT VALIDATION, AND CONVERSION PROCEDURES VALIDATION ARE ON SCHEDULE. PROCURE-
MENT IS ON SCHEDULE EXCEPT FOR PROBLEMS ASSOCIATED WITH CGE FIAR (COVERED BELOW UNDER ITEM 2.14). RAYTAS EXPECTS TO PERFORM CONVERSION (BASIC TO IMPROVED CONFIGURATION), TEST, AND DEPLOY-
MENT ON SCHEDULE. WITHIN THE BOD MEETING, THE DIRECTORS AGREED THAT THE RAYTAS BRIEFING WAS AN ADEQUATE AND APPROPRIATE
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PROGRESS REPORT.

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INFO OCT-01 ISO-00 SS-15 PM-03 MC-02 L-02 EB-07 CIAE-00

INR-07 ACDA-05 NSAE-00 PA-01 PRS-01 SP-02 USIA-06

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R 191220Z MAR 75

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TO SECDEF WASHDC

SECSTATE WASHDC 711

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INFO DA WASHDC
CDRUSAMC ALEXANDRIA VA
DCRUSAMICOM REDSTONE ARS AL
CDRUSAADC FT BLISS TX
CDR WHITE SANDS MSL RANGE NMEX
USCINCEUR VAIHINGEN
CINCUSAREUR HEIDELBERG
CDR 32D AIR DEF CMD KAISERSLAUTERN
CHUSNHLO PARIS
USNMR SHAPE
CHMAAG ATHENS
CHMAAG BONN
CHMAAG BRUSSELS
CHMAAG COPENHAGEN
CHMAAG ROME
CHMAAG PARIS
CHMAAG THE HAGUE

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E. ITEM 2.14 (B). PROGRAM SLIPPAGE DUE TO THE DELAY IN
DELIVERY OF EXPORT LICENSES BY THE USG. IN SESSION THE BOD
SUPPORTED THE FOLLOWING STATEMENT OF THE GERAL MANAGER: BEGIN
QUOTE: FACED WITH THE SUBSTANTIAL SLIPPAGE DUE TO THE DELAY IN
THE DELIVERY OF EXPORT LICENCES BY THE U.S. GOVERNMENT, I STRONGLY
RECOMMEND THE COUNTRIES TO LET IN NO CASE THE EUROPEAN FIRMS MODIFY
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THEIR CONTRACTUAL WORK SCHEDULE WITH THE EXCUSE THAT THE RESPONSIBILITY FOR THE INITIAL SLIPPAGE SHOULD BE LEGALLY ESTABLISHED.

IF DISCUSSIONS WERE NEVERTHELESS TO BE STARTED WITH INDUSTRY,
I WOULD URGE THE COUNTRIES TO UNANIMOUSLY SUPPORT MY POSITION
WHICH WILL BE TO INSIST THAT THE AGREED SCHEDULE BE ADHERED TO.
END QUOTE.

MISSION COMMENT: FORTUANTE COMBINATION OF SEVERAL FACTORS SERVED
TO DEFUSE THIS POTENTIALLY EXPLOSIVE ISSUE. POSITIVE WASHINGTON
RESPONSE TO USNATO REQUEST FOR IN-DEPTH REVIEW OF THE SITUATION
WITH THE US ARMY, WHICH RESULTED IN THE ACCORD OF A PRIORITY
STATUS TO NATO-HAWK, COUPLED WITH GRATEFUL RECOGNITION OF THESE
FACTS BY THE GENERAL MANAGER AND HIS STAFF WERE KEY FACTORS.
PRIVATELY SEVERAL DIRECTORS EXPRESSED APPRECIATION TO US REP
FOR THE FAVORABLE US REPOSE. ANOTHER FACTOR HIGHLIGHTED BY
RAYTAS WAS THE LABOR SITUATION AT CGE FIAR WHICH HAD INCLUDED
NEARLY CONTINUOUS QUOTE NUISANCE TYPE UNQUOTE STRIKES FROM
OCT 74 THROUGH 13 FEB 75. THESE STRIKES RESULTED IN A LOSS OF
3-6 WEEKS OF PRODUCTIVE TIME. RAYTAS IS IN PROCESS OF ASSESSING
IMPACT OF STRIKES IN CONJUNCTION WITH EXPORT LICENSE DELAYS.
RAYTAS EXPECTS TO COMPLETE THIS ASSESSMENT IN APRIL 75. MISSION
APPRECIATES THE WELL PREPARED BRIEF WHICH WASHINGTON PROVIDED
(REF B). ALTHOUGH THE BOD DID NOT CALL UPON THE US REP FOR EX-
PLANATION, THE BRIEF SERVES AS A GOOD SUMMARY OF US ACTIONS AND

REASONS THEREFOR. THE MATTER IS NOT CLOSED AND IT MAY BE NECESSARY FOR THE US TO RESPOND TO THE BOD AT A FUTURE DATE. END COMMENT.

F. ITEM 2.16. (MISCELLANEOUS). US REP LIFTED US RESERVATION ON ESTABLISHMENT OF A NATO SURFACE-TO-AIR-MISSILE (SAM) SOFTWARE COMMITTEE (PER INSTRUCTIONS, REF C). NETHERLANDS REP (MG DIETERS) INFORMED BOD THAT THE NETHERLANDS WILL LIFT ITS RESERVATION BY LETTER TO THE GENERAL MANAGER.

G. ITEM 3.1. SHARING-OUT OF THE MAINTENANCE FLOAT. THE BOD, FOLLOWING PROLONGED DISCUSSION AND SOMEWHAT OVER OBJECTIONS OF FRANCE AND FRG, APPROVED THE AMOUNT OF \$400,000 AS THE VALUE OF THE US SHARE OF THE JOINTLY OWNED MAINTENANCE FLOAT. THE NHMO WILL PREPARE A PLAN FOR SHARING AMONG THE COUNTRIES OF THE AMOUNT TO BE REIMBURSED TO THE US. ARRANGEMENTS AT THIS STAGE APPEAR TO BE SATISFACTORY TO THE US. SEE SEPTTEL FOR DETAILS OF RATHER COMPLEX SITUATION.
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H. ITEM 4.2. PLAN FOR LIQUIDATION AND FINAL COST-SHARING ADJUSTMENTS AMONG THE STATES. THE BOD AGREED ON TARGET DATE OF 31 DEC 75 TO COMPLETE LIQUIDATION OF THE BASIC HAWK PROGRAM AND STRESSED THE IMPORTANCE IT ATTACHES TO COMMITMENT BY THE GENERAL MANAGER TO MEET THAT DATE.

I. ITEM 5.2. ANNUAL REPORT TO THE NATO COUNCIL. THE BOD APPROVED WITH MINOR CHANGES A BRIEF (3 PAGE) REPORT TO THE NAC. MAJOR ITEM OF INTEREST, OF COURSE, FOR 1974 WAS FINAL DECISION OF THE BOD TO LAUNCH THE HAWK EUROPEAN LIMITED IMPROVEMENT PROGRAM (HELIP).

J. ITEM 5.3. CUSTOMS AND TAXES. FOLLOWING DEADLOCK OF THE CONTRACTUAL COMMITTEE ON SEVERAL MATTERS (PARTICULARLY ON PAYMENT OF DUTIES ON HAWK IMPORTED ITEMS), THE COMMITTEE PROPOSED THREE SOLUTIONS:

- (1) REFER MATTER TO THE NAC.
- (2) REQUEST GREECE TO SHARE IN THE IMPORT DUTIES.
- (3) OBTAIN NECESSARY EXEMPTION FROM THE EEC FOR THE HAWK PROGRAM.

NO DIRECTOR RECOMMENDED REFERRAL OF THE MATTER TO THE NAC. GREECE REFUSED TO ACCEPT A SHARE IN THE IMPORT DUTIES. FINALLY, THE FRG AND THE NETHERLANDS ACCEPTED THE ASSIGNMENT OF WORKING AUP A PROPOSAL (FOR EXEMPTION OF DUTIES) TO BE PRESENTED TO THE EEC.

MISSION COMMENT: USNATO VIEWS THIS DEVELOPMENT AS SIGNIFICANT. IT PROVIDES THE POSSIBILITY OF OVERCOMING THE BARRIER OF 7.5 PER CENT CUSTOMS DUTIES FOR US SUPPLIERS TO NATO-HAWK, NOT ONLY FOR THE HELIP BUT ALSO FOR OTHER COMPETITIVE PROCUREMENTS. MISSION SUGGESTS THAT WASHINGTON AND US MISSION TO THE EEC CONSIDER MATTER IN LIGHT OF BROAD US TRADE BILL AUTHORITY FOR RECIPROCAL ACTIONS. ALTHOUGH THIS IS JUST A SINGLE PROGRAM, DECISIONS TAKEN HERE COULD BE PRECEDENT-SETTING. END COMMENT.

2. BESIDES THE PLANT VISIT TO RAYTAS AT BAGNEUX, THE BOD ALSO SPENT ONE DAY AT THE FIRM OF SODETEG (PLANT M5) IN SALBRIS, FRANCE. THE VISIT WAS INFORMATIVE IN NATURE AND THE FIRST IN A SERIES OF VISITS PLANNED TO HELIP CONTRACTOR FACILITIES.

3. NEXT BOD MEETING IS SCHEDULED FOR 24-27 JUNE 75 IN PARIS.
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<< END OF DOCUMENT >>

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